

**THE PENNSYLVANIA STATE UNIVERSITY
BOARD OF TRUSTEES**

**COMMITTEE ON FINANCE, BUSINESS AND CAPITAL PLANNING
MINUTES OF MEETING
VOLUME FBCP 16**

July 20, 2017

A meeting of the Committee on Finance, Business & Capital Planning was held in Room W117 of the Olmsted Building at Penn State Harrisburg in Middletown, Pennsylvania, beginning at 10:00 a.m.

The following committee members, constituting a quorum, were present: Mark Dambly, Robert Fenza, Alex Hartzler, William Oldsey, and Mary Lee Schneider.

Ex-Officio member Ira Lubert, Emeriti Trustee Alvin Clemens, Faculty Representative Matthew Woessner, Student Representative Katie Jordan, and the following administration members were also present: Eric Barron, Susan Basso, Lisa Berkey, Madeline Cantu, Joseph Doncsecz, Jennifer Eck, David Gray, Kurt Kissinger, Andy Reisinger, Crystal Straw, and Eric Strucko.

The meeting was called to order by Vice Chairman Robert Fenza. Vice Chairman Fenza advised the Committee that actions and recommendations by the Committee would be reported to the full Board of Trustees for their consideration at the July 21, 2017 meeting.

The Committee unanimously approved the minutes of the May 4, 2017 meeting of the Committee.

The Committee reviewed the following consent agenda items and unanimously approved the two action items: Summary of Revised Funds and Summary and Acknowledgment of New Funds and Major Commitments.

Information Items –

- a) Lacrosse Field Synthetic Turf Replacement, University Park
- b) Science Building Chemistry Laboratory Renovation, Penn State Wilkes-Barre
- c) Dawson Building HVAC Upgrades, Penn State Worthington Scranton
- d) Rename the Materials Research Laboratory the “Energy and the Environment Laboratory,” University Park
- e) Naming of Rooms, Portions of Buildings, and Plazas
- f) Sale of Gifted Property Located at 2486 Oklahoma-Salem Road, DuBois, Pennsylvania
- g) Status of Major Construction Programs and Borrowing

Action Items –

- h) Summary of Revised Funds
- i) Summary and Acknowledgement of New Funds and Major Commitments

The Committee unanimously approved the following resolution for the Proposed Naming of Penn State Worthington Scranton, "Penn State Scranton":

RESOLVED, That the Board of Trustees approves the change in name of Penn State Worthington Scranton to Penn State Scranton effective immediately.

The Committee unanimously approved the following resolution for the Proposed Naming of the Natural Resources Learning Center, "Donald J. Comes Natural Resources Learning Center," Smethport, Pennsylvania:

RESOLVED, That the Natural Resources Learning Center in Smethport, Pennsylvania is named "Donald J. Comes Natural Resources Learning Center."

The Committee unanimously approved the following resolution for the Proposed Naming of the Library, "The Mary M. and Bertil E. Lofstrom Library," Penn State Hazleton:

RESOLVED, That the Library at Penn State Hazleton is named "The Mary M. and Bertil E. Lofstrom Library."

The Committee unanimously approved the following resolution for the Proposed Appointment of an Architect, Pattee Library Renovations and Courtyard Infill, University Park:

RESOLVED, That WTW Architects of Pittsburgh, Pennsylvania, is the architect of record for the final plans for Pattee Library Renovations and Courtyard Infill, University Park.

The Committee unanimously approved the following resolution for the Consideration of Proposed Operating Budget for Fiscal Year Beginning July 1, 2017:

RESOLVED, That the proposed Operating Budget for the University for the fiscal year beginning July 1, 2017, as shown in the 2017-2018 Proposed Operating Budget and Proposed 2017-2018 Tuition and Fees, is approved.

(The 2017-2018 Proposed Operating Budget and Proposed 2017-2018 Tuition and Fees are attached.)

The Committee unanimously approved the following resolution for the Proposed Tuition and Fees Effective for 2017 Fall Semester:

RESOLVED, That tuition at all locations, effective for the 2017-2018 school year, and as shown in the 2017-2018 Proposed Operating Budget and Proposed 2017-2018 Tuition and Fees, is approved.

(The 2017-2018 Proposed Operating Budget and Proposed 2017-2018 Tuition and Fees are attached.)

The Committee unanimously approved the following resolutions for the Proposed Appointment of a Design Build Team, Waste Water Treatment Plant Upgrade, University Park:

RESOLVED, That the Officers of the University are authorized to employ The Haskell Company of Pittsburgh, Pennsylvania, to design and build the Waste Water Treatment Plant Upgrade at University Park.

FURTHER BE IT RESOLVED, Final plans for the project will be brought to the Board of Trustees for approval when designed and costs have been established.

The Committee unanimously approved the following resolution for the Proposed Reauthorization to Expend Funds and Final Plan Revision Approval, West Campus Steam Plant Modifications, University Park:

WHEREAS, the construction cost of the West Campus Steam Plant Modifications has increased by \$9.2 million above the authorized amount of \$57.3 million.

WHEREAS, the design of the Steam Services Building has changed.

RESOLVED, that the authorization to expend funds to accomplish the project is increased to \$66,500,000 and the revised design of the Steam Services Building is approved.

The Committee unanimously approved the following resolutions for the Proposed Final Plan Approval and Authorization to Expend Funds, Panzer Stadium Bleacher Seating and Enhancements, University Park:

RESOLVED, That the final plans for the Panzer Stadium Bleacher Seating and Enhancements at University Park, as designed by AP Architects, are approved.

FURTHER BE IT RESOLVED, That authorization to expend funds to accomplish the project is approved in the amount of \$8,400,000.

The Committee acknowledged that the appraiser's original report of the building's gross square feet was incorrect. The Committee unanimously approved the following resolutions for the Proposed Acquisition of Rydal Property, Abington Township, Pennsylvania:

RESOLVED, That the Board of Trustees approves the acquisition of the property at 1095 Rydal Road in Abington Township, Montgomery County, Pennsylvania, comprised of 1.72 acres and a four-story 31,012 square foot building, from Rydal Executive Realty Co., L.P. for \$5,455,000.

FURTHER BE IT RESOLVED, That the Officers of the University are authorized and directed to take such steps as are necessary to make effective these resolutions.

The Committee on Finance, Business & Capital Planning meeting was adjourned at 11:05 a.m.

The Committee then went into executive session to discuss privileged matters.

Respectfully submitted,

Crystal K. Straw
Assistant Secretary
Board of Trustees

THE PENNSYLVANIA STATE UNIVERSITY

BOARD OF TRUSTEES

JULY 21, 2017

PROPOSED 2017-18 OPERATING BUDGET

AGENDA ITEM 7.D.6

PROPOSED 2017-18 TUITION AND FEES

AGENDA ITEM 7.D.7

**THE PENNSYLVANIA STATE UNIVERSITY
2017-18 OPERATING BUDGET**

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TAB A

2017-18 OPERATING BUDGET

THE PENNSYLVANIA STATE UNIVERSITY

2017-18 OPERATING BUDGET

The Board of Trustees will be asked to consider and approve Penn State's operating budget on July 21, 2017.

SUMMARY OF THE BUDGET PLAN

In building the proposed 2017-18 Operating Budget, Penn State has placed the highest priority on keeping tuition increases as low as possible while continuing to provide a high-quality educational experience to students. The budget plan approved by the Board of Trustees as part of Penn State's 2017-18 Appropriation Request reflected one of Governor Wolf's goals – to restore the 2011-12 cuts in state higher education support over several years, which would have allowed Pennsylvania Resident Undergraduate tuition rates to be held level with 2016-17. The requested General Support appropriation increase was \$25.3 million.

When Governor Wolf presented his 2017-18 Executive Budget in February 2017, fiscal realities at the state level prohibited the Governor from continuing his planned restoration of the 2011-12 cuts, and his recommendation was that Penn State's General Support appropriation be held flat with the 2016-17 level. After the Governor presented his budget plan in February 2017, Penn State adjusted the planning parameters for the 2017-18 operating budget to include no increase in our appropriation.

At this writing, Penn State's 2017-18 state appropriation has not yet passed the General Assembly. Support for Penn State and all of higher education remains strong in Harrisburg and we are hopeful for a positive resolution to the current budget impasse. In the meantime, the University must put an operating budget in place and set tuition rates for the upcoming academic year. This budget proposal has been formulated on an assumption of level funding for our General Support line item, a \$500,000 increase in Agricultural Research and Cooperative Extension, a \$2 million increase for Penn College and level funding for Medical Assistance Funding.

After the Governor's executive budget settled at level funding, planning efforts focused on minimizing the impact on Penn State's students. Mandates and unavoidable cost increases must be funded, while some priorities will be addressed with one-time sources, and the time frames for others will be extended. In addition, the University has taken steps to initiate longer-term strategies that will lower future base operating costs. Significant budget reductions have also

been identified, along with non-tuition revenue that contributes to the effort to keep tuition increases low.

In addition to non-tuition revenue increases and significant budget reductions, the proposed budget includes modest tuition rate increases. In aggregate, base undergraduate tuition for Pennsylvania students is proposed to increase by 2.45 percent, and by 3.85 percent for non-resident undergraduate students. University Park lower-division Pennsylvania undergraduate students would see a tuition increase of \$232 per semester. Pennsylvania lower-division undergraduates at eight Commonwealth campuses would see no tuition increase, while those at eleven campuses would see increases ranging from \$155 to \$173 per semester. Increases for non-resident and graduate students would be slightly higher.

2017-18 TOTAL OPERATING BUDGET

The University is proposing changes totaling \$94.7 million in general funds, restricted funds, and auxiliary enterprises, plus \$156.7 million at Penn State Health, bringing the total 2017-18 operating budget to \$5.7 billion. A summary of the budget is shown in Table 1.

STATE APPROPRIATIONS

Under the assumptions described, Penn State's 2017-18 appropriations would total \$318.2 million. The General Support (E&G) appropriation would be held level with the 2016-17 total, the Agricultural College Land Scrip Fund would increase by \$500,000, and the Pennsylvania College of Technology amount would increase by \$2 million. Medical Assistance funding for the Penn State Milton S. Hershey Medical Center funded through the Pennsylvania Department of Public Welfare would be held level with the 2016-17 amount. A summary of the appropriation is shown in Table 2.

THE GENERAL FUNDS BUDGET

The components of the General Funds budget include: the Educational and General budget, which supports most of the University's basic teaching, research, and public service programs; the budgets for Agricultural Research and Cooperative Extension; the College of Medicine at the Milton S. Hershey Medical Center; and the Pennsylvania College of Technology.

Excluding the College of Medicine and the Pennsylvania College of Technology, 79.2 percent of the income supporting the 2017-18 General Funds budget will come from tuition and fees and 13.2 percent from state appropriations.

With the proposed increases of \$71.1 million, the General Funds budget will total \$2.3 billion, a 3.2 percent increase over 2016-17.

The sections that follow focus on the changes in the General Funds budget.

TABLE 1
TOTAL UNIVERSITY BUDGET
SUMMARY OF 2017-18 CHANGES
(dollars in thousands)

	<u>2016-17 Adjusted Budget</u>	<u>Changes</u>	<u>2017-18 Changes</u>
General Funds:			
Educational and General	\$ 1,941,957	\$ 60,399	\$ 2,002,356
Agric. Research & Cooperative Extension	55,092	500	55,592
Sub -Total	1,997,049	60,899	2,057,948
College of Medicine	137,930	9,062	146,992
Pennsylvania College of Technology	110,447	1,121	111,568
Total - General Funds	<u>2,245,426</u>	<u>71,082</u>	<u>2,316,508</u>
Federal Funds - Agriculture	21,866	0	21,866
Restricted Funds:			
Educational and General	506,147	5,061	511,208
Agric. Research & Cooperative Extension	47,707	477	48,184
College of Medicine	98,000	0	98,000
Pennsylvania College of Technology	13,025	262	13,287
Total - Restricted Funds	<u>664,879</u>	<u>5,800</u>	<u>670,679</u>
Auxiliary Enterprises:			
Educational and General	402,173	18,054	420,227
College of Medicine	3,700	61	3,761
Pennsylvania College of Technology	28,332	(338)	27,994
Total - Auxiliary Enterprises	<u>434,205</u>	<u>17,777</u>	<u>451,982</u>
TOTAL	<u>\$ 3,366,376</u>	<u>\$ 94,659</u>	<u>\$ 3,461,035</u>
Penn State Health System	<u>2,057,896</u>	<u>156,745</u>	<u>2,214,641</u>
TOTAL UNIVERSITY	<u>\$ 5,424,272</u>	<u>\$ 251,404</u>	<u>\$ 5,675,676</u>

TABLE 2
SUMMARY OF STATE APPROPRIATION
(dollars in thousands)

	<u>2016-17</u> <u>Appropriation</u>	<u>Changes</u>	<u>2017-18</u> <u>Total</u>
<u>Direct State Appropriation:</u>			
General Support	\$230,436	0	\$230,436
Pennsylvania College of Technology	20,074	2,000	22,074
Sub-Total	<u>250,510</u>	<u>2,000</u>	<u>252,510</u>
<u>Agricultural College Land Scrip</u>			
<u>Fund:</u>			
Agricultural Research and Cooperative Extension	51,813	500	52,313
<u>PA Department of Public Welfare:</u>			
M.S. Hershey Medical Center:			
Medical Assistance Funding (estimate)	13,400	0	13,400
Total	<u>\$315,723</u>	<u>\$2,500</u>	<u>\$318,223</u>

EDUCATIONAL AND GENERAL BUDGET

Expense changes for the 2017-18 Educational and General (E&G) portion of the University's general funds operating budget total \$60.4 million, bringing the E&G budget to \$2.0 billion. The changes are described below and summarized in Table 3.

SALARIES

The 2017-18 budget proposal includes a salary pool to adequately fund contractual amounts for the two labor agreements that apply to Penn State technical-service employees and campus health professionals, centrally funded amounts for faculty promotions in the professorial ranks, a 3.0 percent increase in graduate assistant stipends, and a 2.0 percent pool to provide merit-based salary adjustments for faculty and staff and to make equity or market adjustments. Benchmarking data show that a 2.0 percent salary pool puts Penn State near the middle of the range of our Big Ten peers. Also included in the \$24.8 million for compensation adjustments are the related costs of the increased employer contributions to Social Security and retirement plans as well as the projected compensation increases for employees of the Dickinson Schools of Law.

The competitiveness of Penn State's salaries is a very important component of the University's ability to attract and retain the best faculty and staff. Information regarding Penn State's faculty salary rankings can be found in Tab B of this document.

BENEFITS

For 2017-18, the cost of the University's benefits program is projected to increase, beyond the amounts already budgeted, by \$27.4 million. Additional funding for mandatory costs for the increase in the employer share of health care for employees, graduate assistants and fellows is projected to increase by \$12.5 million. The University plans to budget an additional \$14.8 million for mandatory employer retirement contributions. The increase in the mandatory contribution to SERS constitutes \$12.3 million of this amount. The employer contribution rate for the State Employees' Retirement System (SERS) for most of Penn State's members will increase from 29.95 percent to 34.44 percent for 2017-18. Approximately one-third of Penn State's full-time employees are enrolled in SERS.

PROPERTY AND LIABILITY INSURANCES

No increases will be needed for property and liability insurances in 2017-18.

FACILITIES AND MAINTENANCE

A total of \$10.7 million will be budgeted to address facility and maintenance needs. Included in this amount is \$3.2 million for the maintenance and operation of new or newly remodeled facilities scheduled to come on line in 2017-18. These facilities include Agricultural Engineering, the E&G portion of the newly renovated IM building, Research West, support for Environmental Health & Safety, utilities and steam plant improvements, renovations to the Adler Gymnasium at Penn State Altoona and the Student Union at Penn State Brandywine, and other smaller projects.

Energy and water conservation is important to the University's financial and environmental goals. The University will budget an increase of \$4.2 million to fund the utility costs associated with the new or newly renovated facilities, the amortization of the loan for the gas conversion at the West Campus Steam Plant and an energy savings loan, and several smaller projects.

As a supplement to the capital funds received from the Commonwealth, the Educational and General Capital Improvement Program was established to address the critical need to provide modern laboratory and classroom space. These funds enable the University to incur debt for building construction and renovation. Extraordinary budget pressures, including the significant appropriation reduction in 2011-12, prompted the University to delay any additional investments in the Capital Improvement Program for three years. In order to keep the Chemical and Biomedical Engineering Building project on schedule, \$5.0 million was budgeted to support borrowing in 2016-17. In 2017-18, \$3.4 million will be budgeted to support significant improvements to the College of Engineering areas and for renovations to the Henning Building. These projects will occur very early in the next capital plan, and funding for related debt service needs to be in place before the design phases for these projects can begin.

The University continues to face the challenge of financing the renovation and renewal of an aging physical plant. The most recent estimate, as assessed by the consulting group Sightlines and the Office of Physical Plant, to maintain the current condition of all campuses is \$130 million per year. To go beyond maintaining the current condition and reduce the asset preservation backlog would require an additional \$118 million per year. In addition to the \$31.1 million E&G budget that has been established for this purpose, one-time funds dedicated to the Capital Plan, gifts, and student fees provide the funding sources for facility renovations and renewals. Ideally, additional recurring funds would be added to the \$31.1 million budget that addresses these needs. In order to reduce the amount of new recurring funds that need to be identified for 2017-18, thereby keeping tuition increases lower, an allocation will be made available from non-recurring funding sources.

INNOVATION AND OTHER PROGRAM COMMITMENTS

The proposed 2017-18 budget includes \$9.0 million for innovation initiatives to advance the thematic priorities articulated in Penn State's Strategic Plan, "*Our Commitment to Impact*" (<http://strategicplan.psu.edu/>). These funds will also provide support for workload issues due to enrollment growth and allow for graduate assistant stipend grade level increases to ensure we can compete in this highly competitive marketplace.

Another \$200,000 is related to budget changes within the Dickinson Schools of Law.

BUDGET REDUCTIONS AND COST SAVINGS INITIATIVES

For 2017-18, the budget includes reductions in operating budgets made possible through cost savings initiatives totaling \$21.0 million. This amount is composed of a combination of capping and reducing the subsidy provided to the World Campus and University Outreach, increasing the tax that applies to the prior year's revenue from Auxiliary Enterprises, reducing the E&G subsidy to the Office of Development & Alumni Relations by increasing the amount of administrative expenses supported by endowment earnings, savings related to a change in our medical and prescription drug administrators and reductions from a review of central budgets that could be closed without having negative effects on operations.

LIBRARIES AND INFORMATION TECHNOLOGY

As part of the strategy to drive down the total cost to earn a degree, 2017-18 will be the third academic year that the student Information Technology Fee will not increase. When this fee was introduced more than two decades ago, the University needed a dedicated and immediate revenue stream to fund newly emerging technology. Today, the infrastructure supported by Information Technology Fee revenue is as integral to the operation of the University as any other cost that is supported by tuition. Students have expressed a strong desire to include the fee as part of tuition so that all student fees are specifically under their control. To that end, the University would like to eliminate the fee by combining it with tuition. However, this combination, while not raising the cost of a degree, could appear as a large tuition increase to students, parents, and the public if they did not, at the same time, understand that the fee had been eliminated. A public awareness effort will need to be launched so that, when this change occurs in the future, the impact will be as visible as possible.

STUDENT INITIATED FEE

Beginning in Fall 2017, the Student Activity Fee and Student Facilities Fee will be combined into one fee to be known as the Student Initiated Fee. Our students requested this change as a way to allow them more discretion in what services and programs to support. Additional revenue of \$3.7 million will result from varying increases in the Student Initiated Fee, as determined by the students themselves, over the total of the two prior fees. These funds will be used to support student activities, programs and facilities at the generating campuses. The increase for 2017-18 brings the amount budgeted from the fee to \$33.5 million. Student Initiated Fee charges by campus can be found in Schedule 3 in Tab E of this document.

STUDENT AID

As the University implements tuition increases to provide necessary funds to meet strategic goals, it is important that the amount of student aid also be increased. This imperative will help ensure that any qualified student from the Commonwealth can afford to attend Penn State through a combination of institutional, federal, state, and private philanthropic support.

An additional \$2.0 million is included in the 2017-18 budget for student aid. These funds will be used to leverage private donations for student support and to provide additional need-based aid.

GRANTS-IN-AID RELATED TO TUITION RATE INCREASES

A total of \$3.7 million is included in the 2017-18 budget for increased costs of grants-in-aid, which are related to the tuition rate increases, primarily for graduate assistants, fellowships, employees, and dependents.

TABLE 3
EDUCATIONAL AND GENERAL OPERATING BUDGET
2017-18 EXPENSE CHANGES
(dollars in thousands)

Compensation (and Related Benefits Adjustments)	
1. Inflationary (merit-based) and Contractual	\$ 22,961
2. Faculty Promotions & Summer Session	1,805
Sub-Total - Compensation (and Related Benefits Adj.)	24,766
Benefits	
1. Employee Health Insurances	12,549
2. Retirement	14,828
Sub-Total - Benefits	27,377
Property and Liability Insurances	0
Facilities and Maintenance	
1. Deferred Maintenance	0
2. Capital Improvement	3,367
3. Maintenance and Operation of New Facilities	3,168
4. Fuel and Utilities	4,202
Sub-Total - Facilities and Maintenance	10,737
Innovation, Program Commitments & Prior Year Budget Gap	9,208
Libraries and Information Technology	0
Budget Reductions and Expense Adjustments	(21,044)
Student Initiated Fee	3,694
Student Aid	2,000
Grants-In-Aid	3,661
TOTAL EXPENSE CHANGES	\$ 60,399

EDUCATIONAL AND GENERAL INCOME CHANGES

Income changes of \$60.4 million support the 2017-18 Educational and General (E&G) budget of \$2.0 billion. These changes are described below and summarized in Table 4.

STATE APPROPRIATION

Until the appropriation is finalized, the proposed budget includes level funding for the Educational and General portion of the budget with state appropriation support of \$230.4 million.

TUITION

Tuition rate schedules for resident and non-resident students by student level and by campus are shown in Schedule 1 in Tab E of this document. In aggregate across all campuses, base tuition increases of 2.45 percent for undergraduate Pennsylvania residents and 3.85 percent for undergraduate non-residents are proposed. The proposed increases continue to widen the differential between University Park and the Commonwealth Campuses as well as the differentials among campuses to reflect demographic and programmatic variations.

The tuition rate changes would generate \$44.4 million, including \$872,000 from the law school's 3.95 percent tuition increase to \$48,000. An additional \$7.5 million would be budgeted, which includes \$5.0 million from a conversion of income from the temporary pool to permanent funds, consistent with prior years. This will require an ongoing higher level of enrollment to sustain the recurring revenue that has been incorporated into the expense base. It also includes \$1.0 million from tuition available from Summer Session and \$1.5 million from adding to the recurring budget growth in the fee charged to international students, which is offset by related additional costs incurred.

STUDENT INITIATED FEE

An additional \$3.7 million will result from increases ranging from an \$8 increase at the Commonwealth Campuses to a \$36 increase at University Park in the Student Initiated Fee (as determined by the student leadership groups). This fee is the combination of the former Student Activity Fee and the Student Facility Fee. The fee at University Park will now include a fitness pass for all students, which will significantly reduce the net increase for the many students who had previously purchased these passes.

FACILITIES AND ADMINISTRATION COST RECOVERY

The University continues to make a significant effort to better track and more fully account for costs in support of sponsored research activities. As a result of this initiative and projected increases in research expenditures, additional income in the amount of \$3.0 million will be available from increased facilities and administration cost recovery from grants and contracts in 2017-18.

OTHER NON-TUITION INCOME

An additional \$2.0 million will be budgeted as the University continues to implement a long-term plan to gradually eliminate an historical transfer of the General Support appropriation to the College of Medicine. In addition, the Dickinson Schools of Law anticipates a small reduction in non-tuition revenue.

TABLE 4
EDUCATIONAL AND GENERAL OPERATING BUDGET
2017-18 INCOME CHANGES
(dollars in thousands)

State Appropriation	\$	0
Tuition		51,898
Information Technology Fee		0
Student Initiated Fee		3,694
Facilities and Administration Cost Recovery		3,000
Investment Income		0
Other Income		<u>1,807</u>
TOTAL INCOME CHANGES	\$	<u><u>60,399</u></u>

**AGRICULTURAL RESEARCH
AND
COOPERATIVE EXTENSION**

The traditional line items for Agricultural Research and Cooperative Extension were removed from Penn State's direct appropriation bill in 2011-12. Again in 2017-18, the funds will be made available to Penn State through the Agricultural College Land Scrip Fund. The budget bill currently proposed would increase for Agricultural Research and Cooperative Extension by \$500,000 for a total of \$52.3 million.

Expense and income changes for the Agricultural Research and Cooperative Extension budgets are summarized in Table 5. Expense changes include \$1.8 million for compensation adjustments and benefits cost increases and a decrease of \$1.3 million in program funds. The budgets are funded primarily through state appropriations and support salaries, benefits, and operating costs for each program.

The College of Agricultural Sciences relies on the more than 150-year-old land grant partnership of federal, state, and county governments as the foundation for agricultural research and statewide extension programs. The state provides the required matching funds that allow Penn State to access Federal Agricultural Research appropriations and support from Pennsylvania's counties for Cooperative Extension.

TABLE 5
AGRICULTURAL RESEARCH AND COOPERATIVE EXTENSION
2017-18 CHANGES
(dollars in thousands)

Income:	
Appropriation	\$ <u>500</u>
TOTAL INCOME CHANGES	\$ <u><u>500</u></u>
Expense:	
Compensation and Employee Benefits Costs*	\$ 1,837
Program Changes	<u>(1,337)</u>
TOTAL EXPENSE CHANGES	\$ <u><u>500</u></u>

*Includes benefits cost increases for salaries paid on Agricultural Federal Funds.

**THE COLLEGE OF MEDICINE
AND
PENN STATE HEALTH**

COLLEGE OF MEDICINE

General funds expense and income changes for the College of Medicine at the Milton S. Hershey Medical Center for 2017-18 are shown in Table 6.

Expenses will increase by a total of \$9.1 million, which reflects increases of \$12.6 million for instruction and program needs, \$1.5 million for compensation, and \$2.0 million for employee benefits, along with a decrease of \$7.0 million for facilities and physical plant costs.

Income changes include increases of \$2.0 million in academic support from the Milton S. Hershey Medical Center and \$9.6 million in earnings of departments. A decrease of \$2.0 million from the third year of a long-term plan to phase out the historical transfer of part of Penn State's General Support appropriation and a decrease of \$500,000 from tuition revenue will also be budgeted.

Effective Fall 2016, the College of Medicine implemented a single tuition rate for Pennsylvania resident and non-resident medical students. No increase is proposed for 2017-18. The rate effective Fall 2017 will remain at \$49,800 per academic year.

The total 2017-18 operating budget for the College of Medicine is \$248.8 million, as shown in Table 6A. The budget includes \$147.0 million for general funds, \$98.0 million for restricted funds, and \$3.8 million for auxiliary enterprises.

THE PENN STATE HEALTH SYSTEM

The Penn State Health System is a subsidiary corporation within Penn State that was formed to operate the clinical activities, both hospital and physician, that occur at the Hershey Medical Center and the St. Joseph Medical Group.

Budgeted expenses and income of \$2.2 billion for 2017-18, as shown in Table 6A, were approved by the Board of Directors of the Health System.

Medical Assistance funds appropriated to the Milton S. Hershey Medical Center through the Pennsylvania Department of Public Welfare are expected to total \$13.4 million. This estimated amount includes level funding of \$7.3 million for the amount Penn State Hershey first secured from the Commonwealth in 2014-15, that will be available in the 2017-18 budget to support the continuing development of the Regional Medical Campus at University Park. With a focus on the preparation of medical students for careers in primary care and rural medicine, this program is helping to address the healthcare needs in both Centre County and the entire northern region of Pennsylvania. This funding is used to facilitate contributions by, and collaborations with, the Department of Public Health Sciences, which is utilized to support the analysis of the healthcare needs of the Commonwealth and the development of clinically integrated networks to meet those needs.

When combined with the College of Medicine, the budget for the entire medical center operation for 2017-18 is \$2.5 billion.

TABLE 6
THE COLLEGE OF MEDICINE
2017-18 GENERAL FUNDS BUDGET CHANGES
(dollars in thousands)

Expense:

Instruction	\$	9,879
Programs Needs		2,758
Compensation Adjustments		1,511
Employee Benefits		1,973
Facilities and Physical Plant		<u>(7,059)</u>
TOTAL - EXPENSE CHANGES	\$	<u>9,062</u>

Income:

Tuition and Fees	\$	(527)
Facilities & Administration and Investment Income		0
Earnings of Departments		9,624
Academic Support from The M.S. Hershey Medical Center		1,965
Other Transfers		<u>(2,000)</u>
TOTAL - INCOME CHANGES	\$	<u>9,062</u>

TABLE 6A
THE COLLEGE OF MEDICINE AND
THE PENN STATE HEALTH SYSTEM
2017-18 TOTAL OPERATING BUDGET
(dollars in thousands)

	<u>2016-17 Adjusted Budget</u>	<u>Changes</u>	<u>2017-18 Budget</u>
College of Medicine (COM):			
General Funds	\$ 137,930	\$ 9,062	\$ 146,992
Restricted Funds	98,000	0	98,000
Auxiliary Enterprises	<u>3,700</u>	<u>61</u>	<u>3,761</u>
Sub-Total - COM	239,630	9,123	248,753
Penn State Health System	<u>2,057,896</u>	<u>156,745</u>	<u>2,214,641</u>
TOTAL	\$ <u>2,297,526</u>	\$ <u>165,868</u>	\$ <u>2,463,394</u>

THE PENNSYLVANIA COLLEGE OF TECHNOLOGY

EXPENSE AND INCOME CHANGES

Expense and income changes included in the 2017-18 budget for the Pennsylvania College of Technology (Penn College) are described below and shown in Tables 7 and 7A.

The Penn College Board of Directors approved a budget plan on June 15, 2017, that did not include an increase in state support. General Fund expenses and income for 2017-18 will increase by \$1.1 million for a total General Funds budget of \$111.6 million.

Tuition and mandatory fees for Pennsylvania residents will increase by 1.68 percent, or \$270, from \$16,080 to \$16,350 per academic year, based on 30 credit hours. Non-resident tuition and fees will increase by 1.70 percent, or \$390, from \$22,890 to \$23,280 per academic year. The state spending bill includes a \$2 million increase in state funding for 2017-18.

Additional tuition revenue of \$1.9 million will be budgeted from a combination of estimated enrollment changes and tuition rate increases. Other income will decrease by \$784,000.

The total 2017-18 operating budget for Penn College is \$152.8 million, as shown in Table 7A. This includes the general funds budget of \$111.6 million, restricted funds of \$13.3 million, and \$28.0 million for auxiliary enterprises.

TABLE 7
THE PENNSYLVANIA COLLEGE OF TECHNOLOGY
2017-18 GENERAL FUNDS BUDGET CHANGES
(dollars in thousands)

Income:		
State Appropriation*	\$	0
Tuition and Fees		1,905
Other		(784)

TOTAL - INCOME CHANGES	\$	1,121

 Expense:		
Compensation Adjustments	\$	1,987
Employee Benefits		1,452
Other Expense		(2,318)

TOTAL - EXPENSE CHANGES	\$	1,121

*Penn College Board of Directors approved a budget plan on June 15, 2017 that did not include an appropriation increase. An appropriation increase of \$2,000,000 has been proposed by the Commonwealth.

TABLE 7A
THE PENNSYLVANIA COLLEGE OF TECHNOLOGY
2017-18 TOTAL OPERATING BUDGET
(dollars in thousands)

	<u>2016-17 Adjusted Budget</u>	<u>Changes</u>	<u>2017-18 Budget</u>
General Funds	\$ 110,447	\$ 1,121	\$ 111,568
Restricted Funds	13,025	262	13,287
Auxiliary Enterprises	<u>28,332</u>	<u>(338)</u>	<u>27,994</u>
TOTAL	\$ <u>151,804</u>	\$ <u>1,045</u>	\$ <u>152,849</u>

**SCHEDULES INCLUDED IN THE
RESOLUTIONS FOR APPROVAL OF THE
2017-18 OPERATING BUDGET, TAB D**

Schedule I provides a summary of the proposed total University budget for 2017-18. Amounts shown for restricted funds are estimates, which are included to provide a complete picture of the total University budget. Actual restricted funds amounts will depend on continuing receipt of grants and contracts and may be higher or lower than estimated.

Total University general funds expenditures, including the College of Medicine and the Pennsylvania College of Technology, are shown in Schedule II, and Schedule III shows corresponding estimated general funds income.

Schedule IV shows the total proposed expenditures for the College of Medicine, and Schedule V presents estimated College of Medicine income.

Footnotes to Schedules I through V in Tab D provide additional explanations of the proposed expense and income changes.

TAB B

ACADEMIC SALARY INFORMATION

**Comparison of Average and Faculty Salaries
Penn State's Rank by Year
Among Big Ten and
Selected Public AAUDE* Institutions**

	<u>Professor</u>	<u>Associate Professor</u>	<u>Assistant Professor</u>
Penn State's Rank -- Big Ten			
2015-16	2nd	3rd	4th
2014-15	3rd	3rd	5th
2013-14	2nd	3rd	5th
2012-13	2nd	2nd	6th
2011-12	4th	3rd	6th
2010-11	3rd	2nd	5th
2009-10	3rd	3rd	7th
2008-09	2nd	2nd	7th
2007-08	3rd	2nd	7th
2006-07	4th	2nd	6th
2005-06	2nd	2nd	3rd
Penn State's Rank -- Selected AAUDE			
2015-16	3rd	4th	6th
2014-15	3rd	4th	7th
2013-14	3rd	4th	7th
2012-13	4th	2nd	9th
2011-12	9th	8th	13th
2010-11	7th	6th	10th
2009-10	6th	6th	14th
2008-09	5th	5th	13th
2007-08	6th	5th	13th
2006-07	7th	5th	13th
2005-06	2nd	4th	6th

*Association of American Universities Data Exchange

TAB C

TUITION COMPARISONS

**Announced Resident Undergraduate Tuition Increases
2017-18**

	<u>Tuition % Increase</u>
University of Connecticut, Storrs (a)	6.90%
University of Kentucky, Lexington	4.00%
West Virginia University, Morgantown (b)	5.00%
University of Massachusetts, Amherst	2.94%
University of Iowa, Iowa City	3.00%
University of Colorado, Boulder (a) (b)	4.90%
University of Michigan, Ann Arbor	2.90%
University of Utah, Salt Lake City	3.00%
Cornell University, Contract Colleges	3.75%
Michigan State University, East Lansing	2.80%
University of North Carolina, Chapel Hill (a) (b)	1.90%
University of South Carolina, Columbia	3.46%
University of Arizona, Tucson	3.20%
University of Texas, Austin	3.00%
University of Virginia, Charlottesville	2.20%
Virginia Tech, Blacksburg (b)	2.90%
University of Minnesota, Twin Cities	2.00%
University of Nebraska, Lincoln	5.40%
Texas A&M University, College Station	0.00%
University of Tennessee, Knoxville	1.80%
Florida State University, Tallahassee	0.00%
Indiana University, Bloomington	1.40%
Ohio State University, Columbus (a)	5.50%
Purdue University, West Lafayette	0.00%
University of California - System	0.00%
University of Illinois, Urbana-Champaign	0.00%
University of Missouri, Columbia	2.10%
University of Wisconsin, Madison	0.00%

(a) Incoming Freshman Only

(b) Tuition and Fees

Gathered from legislative, university and news web sources as of July 12, 2017.

**2016-17 Undergraduate Tuition and Mandatory Fees
at Selected Private Universities**

National (AAUDE*):

Columbia	55,056
Carnegie-Mellon	52,310
Southern California	52,217
Tulane	51,010
Pennsylvania	51,464
Dartmouth	51,438
Brown	51,366
Duke	51,265
Cornell	50,953
Northwestern	50,855
Johns Hopkins	50,410
Washington University	49,770
Massachusetts Institute of Technology	48,452
Stanford	47,940
California Institute of Technology	47,577
Harvard	47,074
Vanderbilt	45,610
Princeton	46,347

Other Pennsylvania Universities:

Bucknell	51,960
Gettysburg	50,860
Villanova	49,280
Lehigh	48,320

*Association of American University Data Exchange

Source: University of Virginia Survey/Websites

**2016-17 Undergraduate Tuition and Mandatory Fees
at Big Ten and Other Regional Universities - Main Campuses**

	<u>Resident</u>	<u>Non-Resident</u>
Pittsburgh	\$18,618	\$29,758
Penn State	17,900	32,382
Illinois	15,698	31,320
Virginia	15,924	45,268
Rutgers	14,372	30,023
Michigan	14,402	45,410
Minnesota	14,142	23,806
Michigan State	14,063	37,890
Wisconsin	10,488	32,738
Indiana	10,388	34,246
Ohio State	10,037	28,229
Purdue	10,002	28,804
Maryland	10,181	32,045
Nebraska	8,538	23,058
Iowa	8,575	28,813

TAB D

**THE PENNSYLVANIA STATE UNIVERSITY
MEETING OF THE BOARD OF TRUSTEES**

**FRIDAY, JULY 21, 2017
FINANCE, BUSINESS AND CAPITAL PLANNING
AGENDA ITEM 7.D.6**

**CONSIDERATION OF PROPOSED OPERATING BUDGET FOR THE
UNIVERSITY FOR THE FISCAL YEAR BEGINNING JULY 1, 2017**

Will the Board of Trustees adopt the following resolution:

RESOLVED, That the Proposed Operating Budget for the University for the fiscal year beginning July 1, 2017, as shown in the 2017-2018 Proposed Operating Budget and Proposed 2017-2018 Tuition and Fees, is approved.

**THE PENNSYLVANIA STATE UNIVERSITY
2017-18 OPERATING BUDGET
SCHEDULE I
SUMMARY SCHEDULE FOR TOTAL UNIVERSITY**

	(1) Adjusted Budget 2016-17	(2) Changes	(3) 2017-18 Budget
General Funds:			
Educational & General	\$ 1,941,957,000	\$ 60,399,000	\$ 2,002,356,000
Agric. Research & Cooperative Extension	55,092,000	500,000	55,592,000
Sub-Total	1,997,049,000	60,899,000	2,057,948,000
College of Medicine	137,930,000	9,062,000	146,992,000
Pennsylvania College of Technology	110,447,000	1,121,000	111,568,000
Total - General Funds	2,245,426,000	71,082,000	2,316,508,000
Federal Funds - Agriculture	21,866,000	0	21,866,000
Restricted Funds (a):			
Educational & General	506,147,000	5,061,000	511,208,000
Agric. Research & Cooperative Extension	47,707,000	477,000	48,184,000
College of Medicine	98,000,000	0	98,000,000
Pennsylvania College of Technology	13,025,000	262,000	13,287,000
Total - Restricted Funds	664,879,000	5,800,000	670,679,000
Auxiliary Enterprises (b):			
Educational & General (c)	402,173,000	18,054,000	420,227,000
College of Medicine	3,700,000	61,000	3,761,000
Pennsylvania College of Technology	28,332,000	(338,000)	27,994,000
Total - Auxiliary Enterprises	434,205,000	17,777,000	451,982,000
TOTAL	\$ 3,366,376,000	\$ 94,659,000	\$ 3,461,035,000
Penn State Health System	2,057,896,000	156,745,000	2,214,641,000 (d)
TOTAL UNIVERSITY	\$ 5,424,272,000	\$ 251,404,000	\$ 5,675,676,000

Note: Footnotes follow Schedule V.

**THE PENNSYLVANIA STATE UNIVERSITY
2017-18 OPERATING BUDGET
SCHEDULE II
SUMMARY OF EXPENDITURES**

	(1) Adjusted Budget 2016-17	(2) Changes	(3) 2017-18 Budget
GENERAL FUNDS:			
EDUCATIONAL & GENERAL:			
Instruction and Research	\$ 789,821,000	\$ 5,896,000	\$ 795,717,000
Other Public Service	23,800,000	(115,000)	23,685,000
Academic Support	398,361,000	1,295,000	399,656,000
Institutional Support	322,308,000	1,649,000	323,957,000
Student Services	128,595,000	3,864,000	132,459,000
Student Aid	64,807,000	5,358,000	70,165,000
Physical Plant Operations	205,218,000	11,354,000	216,572,000
University Contingencies	9,047,000	0	9,047,000
Cost Savings/Internal Reductions	0	(21,044,000) (e)	(21,044,000)
Compensation & Employee Benefits Adj (f):			
Merit-based Inflationary Salary Increases	0	19,793,000	19,793,000
Merit-based Inflationary Related Benefits	0	3,167,000	3,167,000
Market, Equity & Faculty Promotions	0	1,556,000	1,556,000
Market, Equity & Faculty Promo. Rel. Bene.	0	249,000	249,000
Benefits Cost Increases	0	27,377,000	27,377,000
Total Educational & General (g)	1,941,957,000	60,399,000	2,002,356,000
AGRICULTURAL RESEARCH & COOPERATIVE EXTENSION (h):			
Compensation & Employee Benefits Adj.:			
Merit-based Inflationary Salary Increases	0	517,000	517,000
Merit-based Inflationary Related Benefits	0	83,000	83,000
Market & Equity Salary Increases	0	0	0
Market & Equity Related Benefits	0	0	0
Benefits Cost Increases	0	1,237,000	1,237,000
Program Changes	55,092,000	(1,337,000)	53,755,000
Total Agricultural Research & Cooperative Extension (i)	55,092,000	500,000	55,592,000
Sub-Total	1,997,049,000	60,899,000	2,057,948,000
COLLEGE OF MEDICINE	137,930,000	9,062,000	146,992,000
PA COLLEGE OF TECHNOLOGY (j)	110,447,000	1,121,000	111,568,000
TOTAL GENERAL FUNDS	\$ 2,245,426,000	\$ 71,082,000	\$ 2,316,508,000

Note: Footnotes follow Schedule V.

THE PENNSYLVANIA STATE UNIVERSITY
2017-18 OPERATING BUDGET
SCHEDULE III
SUMMARY OF INCOME

	(1) Adjusted Budget 2016-17	(2) Changes	(3) 2017-18 Budget
GENERAL FUNDS:			
EDUCATIONAL & GENERAL:			
State Appropriation:			
Educational & General	\$ 230,436,000	\$ 0 (k)	\$ 230,436,000
Transfers	(4,032,000)	0	(4,032,000) (l)
Sub-Total - State Appropriation	226,404,000	0	226,404,000
Tuition and Fees	1,574,484,000	55,592,000 (m)	1,630,076,000
Facilities & Administration and Investment Income	94,265,000	3,000,000	97,265,000
Sales and Services Income	29,285,000	(193,000)	29,092,000
Other Income	29,519,000	0	29,519,000
Other Transfers	(12,000,000)	2,000,000 (n)	(10,000,000)
Total Educational & General	1,941,957,000	60,399,000	2,002,356,000
AGRICULTURAL RESEARCH & COOPERATIVE EXTENSION:			
State Appropriation:			
Agric. Research & Cooperative Extension	51,813,000	500,000 (o)	52,313,000
Transfers	2,581,000	0	2,581,000 (p)
Sub-Total - State Appropriation	54,394,000	500,000	54,894,000
Sales and Services Income	698,000	0	698,000
Total Agricultural Research & Cooperative Extension	55,092,000	500,000	55,592,000
Sub-Total	1,997,049,000	60,899,000	2,057,948,000
COLLEGE OF MEDICINE	137,930,000	9,062,000	146,992,000
PA COLLEGE OF TECHNOLOGY (q):			
State Appropriation:			
PA College of Technology	20,074,000	0 (r)	20,074,000
Transfers	396,000	0	396,000 (s)
Sub-Total - State Appropriation	20,470,000	0	20,470,000
Tuition and Fees	87,185,000	1,905,000	89,090,000
Other Income	2,792,000	(784,000)	2,008,000
Total PA College of Technology	110,447,000	1,121,000	111,568,000
TOTAL GENERAL FUNDS	\$ 2,245,426,000	\$ 71,082,000	\$ 2,316,508,000

Note: Footnotes follow Schedule V.

THE PENNSYLVANIA STATE UNIVERSITY
2017-18 OPERATING BUDGET
SCHEDULE IV
SUMMARY OF EXPENDITURES
THE COLLEGE OF MEDICINE AT THE MILTON S. HERSHEY MEDICAL CENTER

	(1) Adjusted Budget 2016-17	(2) Changes	(3) 2017-18 Budget
GENERAL FUNDS:			132,459,000
Instruction and Research	\$ 40,433,000	\$ 9,879,000	\$ 50,312,000
Other Public Service	4,622,000	(498,000)	4,124,000
Academic Support	16,453,000	(2,218,000)	14,235,000
Institutional Support	35,685,000	1,338,000	37,023,000
Student Services	3,285,000	2,555,000	5,840,000
Student Aid	3,574,000	1,581,000	5,155,000
Physical Plant Operations	33,878,000	(7,059,000)	26,819,000
Compensation & Employee Benefits Adj.:			
Merit-based Inflationary Salary Increases	0	1,303,000	1,303,000
Merit-based Inflationary Related Benefits	0	208,000	208,000
Market & Equity Salary Increases	0	0	0
Market & Equity Related Benefits	0	0	0
Benefits Cost Increases	0	1,973,000	1,973,000
TOTAL GENERAL FUNDS	137,930,000	9,062,000	146,992,000
RESTRICTED FUNDS (t)	98,000,000	0	98,000,000
AUXILIARY ENTERPRISES (u)	3,700,000	61,000	3,761,000
TOTAL	\$ 239,630,000	\$ 9,123,000	\$ 248,753,000

Note: Footnotes follow Schedule V.

THE PENNSYLVANIA STATE UNIVERSITY
2017-18 OPERATING BUDGET
SCHEDULE V
SUMMARY OF INCOME
THE COLLEGE OF MEDICINE AT THE MILTON S. HERSHEY MEDICAL CENTER

	(1) Adjusted Budget 2016-17	(2) Changes	(3) 2017-18 Budget
GENERAL FUNDS:			
Tuition and Fees	\$ 37,780,000	\$ (527,000) (v)	\$ 37,253,000
Facilities & Administration and Investment Income	18,000,000	0	18,000,000
Academic Support from MSHMC (w)	43,435,000	1,965,000	45,400,000
Sales and Services Income	19,165,000	112,000	19,277,000
Other Income	6,495,000	9,512,000	16,007,000
State Appropriation: Transfers	1,055,000	0	1,055,000 (x)
Other Transfers	12,000,000	(2,000,000) (y)	10,000,000
TOTAL GENERAL FUNDS	137,930,000	9,062,000	146,992,000
RESTRICTED FUNDS (z)	98,000,000	0	98,000,000
AUXILIARY ENTERPRISES (aa)	3,700,000	61,000	3,761,000
TOTAL	\$ 239,630,000	\$ 9,123,000	\$ 248,753,000

Note: Footnotes follow Schedule V.

Footnotes for Schedules I - V

Schedule I:

- (a) Includes Grants, Contracts, Restricted Gifts and Restricted Endowment Income. The 2017-18 Budget is based on preliminary 2016-17 actual and 2017-18 estimated income. Expenditures are offset directly by income for the same purpose.
- (b) Self-supporting budgets representing sales and services, primarily to individuals. Educational and General Auxiliary Enterprises include Housing and Food Services, Intercollegiate Athletics, Commons Operations, Penn State Hospitality Services, Bryce Jordan Center, and Airport Operations.
- (c) Includes \$16,697,000 from room and board rate increases approved by the Board of Trustees on February 24, 2017, and other adjustments. Expenditures are offset directly by income for the same purpose.
- (d) Total income from the 2017-18 budget for The Penn State Health System that was approved by the Board of Directors of PSHS on June 30, 2017.

Schedule II:

- (e) Cost savings made possible by the new medical and prescription drug plan, a combination of capping and reducing the subsidy provided to the World Campus and University Outreach, released debt service, and reductions from a review of central budgets that could be closed without having negative effects on operations.
- (f) A salary pool to satisfy contractual obligations, increases in graduate assistant stipends, faculty promotions, and to provide compensation increases between 1.5 and 2.0 percent for faculty and staff to keep up with inflation distributed based on merit, market and equity considerations.
- (g) Employee benefits expense distributed by function.
- (h) Includes expenditures offset by funding allocated by the Commonwealth and by sales and services income.
- (i) Includes allocated employee benefits for Agricultural Research and Cooperative Extension personnel paid on Federal Funds-Agriculture.
- (j) The Pennsylvania College of Technology (Penn College) is a separate but wholly owned subsidiary of the University administered through the Corporation for Penn State.

Schedule III:

- (k) State appropriation support will remain constant at the 2016-17 level.
- (l) Represents the following transfers: \$1,055,000 to the College of Medicine for redistribution of 2004-05 increase, for graduate and nursing programs, for the prior years' Tuition Challenge Grants, and for a proportionate share of the 1997-98 Special Projects appropriation (which was folded into E&G in the 1998-99 appropriation); \$2,977,000 to other line items for redistribution of 2005-06 and 2004-05 increases; and for a proportionate share of the 1997-98 Special Projects appropriation.

Schedule III (continued):

- (m) Includes tuition rate changes for 2017-18 of \$44,398,000, additional tuition income resulting from recent enrollment growth of \$5,000,000 and summer income of \$1,000,000. Reflects additional income of \$3,694,000 from the Student Initiated Fee and \$1,500,000 from the International Tuition and Fee Swap.
- (n) Additional E&G income due to reduction in "Other Transfers" to the College of Medicine.
- (o) Includes state support increase of 1 percent from the 2016-17 level.
- (p) Represents the following transfers: \$1,018,000 redistribution of 2005-06 increase, \$1,136,000 redistribution of 2004-05 increase and \$427,000 for a proportionate share of the 1997-98 Special Projects appropriation.
- (q) Penn College is a separate but wholly owned subsidiary of the University administered through the Corporation for Penn State.
- r) Penn College Board of Directors approved a budget plan on June 15, 2017 that did not include an appropriation increase. The anticipated 10 percent appropriation increase, pending approval by the Commonwealth, will provide an increase of \$2,000,000.
- (s) Represents the following transfers: \$293,000 redistribution of 2004-05 increase and \$103,000 for a proportionate share of the 1997-98 Special Projects appropriation.

Schedule IV:

- (t) Expenditures are offset directly by income for the same purpose.
- (u) Self-supporting budgets representing sales and services, primarily to individuals. These sales and services include student housing. Expenditures are offset directly by income for the same purpose.

Schedule V:

- (v) Reflects a zero percent increase for both in-state and out-of-state medical student tuition.
- (w) Reflects funding received by the College of Medicine from The Milton S. Hershey Medical Center (MSHMC).
- (x) Represents the following transfers: for redistribution of 2004-05 increase, for graduate and nursing programs, for the prior years' Tuition Challenge Grants, and for a proportionate share of the 1997-98 Special Projects appropriation (which was folded into E&G in the 1998-99 appropriation).
- (y) Decrease in E&G income due to reduction in "Other Transfers" to the College of Medicine.
- (z) Expenditures are offset directly by income for the same purpose.
- (aa) Self-supporting budgets representing sales and services, primarily to individuals. These sales and services include housing.

TAB E

**THE PENNSYLVANIA STATE UNIVERSITY
MEETING OF THE BOARD OF TRUSTEES**

**FRIDAY, JULY 21, 2017
FINANCE, BUSINESS AND CAPITAL PLANNING
AGENDA ITEM 7.D.7**

**PROPOSED TUITION AND FEES EFFECTIVE 2017 FALL SEMESTER,
THE PENNSYLVANIA STATE UNIVERSITY**

Will the Board of Trustees adopt the following resolution:

RESOLVED, That tuition at all locations, effective for the 2017-2018 school year, and as shown in the 2017-2018 Proposed Operating Budget and Proposed 2017-2018 Tuition and Fees, is approved.

Schedule 1
University Park Tuition
Projected 2017-18 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2016-17	Increase	2017-18 Tuition	2016-17	Increase	2017-18 Tuition	2016-17	Increase	2017-18 Tuition
<u>Pennsylvania Residents</u>									
<u>Undergraduate:</u>									
Lower Division including Associate:									
Freshmen & Sophomore	16,952	464	17,416	8,476	232	8,708	706	20	726
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (b)	20,226	554	20,780	10,113	277	10,390	843	23	866
Nursing	21,884	600	22,484	10,942	300	11,242	912	25	937
All Other Programs	18,326	502	18,828	9,163	251	9,414	764	21	785
<u>Graduate:</u>									
MBA	24,488	942	25,430	12,244	471	12,715	1,020	40	1,060
Business, Science, IST, EMS, & Engineering (b)	21,294	820	22,114	10,647	410	11,057	887	34	921
All Other Programs	19,964	768	20,732	9,982	384	10,366	832	32	864
Graduate Assistantships, Fellowships	17,000	660	17,660	8,500	330	8,830	-	-	-
<u>Non-Pennsylvania Residents</u>									
<u>Undergraduate:</u>									
Lower Division including Associate:									
Freshmen & Sophomore	31,434	1,210	32,644	15,717	605	16,322	1,310	50	1,360
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (b)	35,044	1,350	36,394	17,522	675	18,197	1,460	56	1,516
Nursing	37,218	1,432	38,650	18,609	716	19,325	1,551	59	1,610
All Other Programs	33,034	1,272	34,306	16,517	636	17,153	1,376	53	1,429
<u>Graduate:</u>									
MBA	39,358	1,516	40,874	19,679	758	20,437	1,640	63	1,703
Business, Science, IST, EMS, & Engineering (b)	35,650	1,372	37,022	17,825	686	18,511	1,485	58	1,543
All Other Programs	34,266	1,320	35,586	17,133	660	17,793	1,428	55	1,483
Graduate Assistantships, Fellowships	17,000	660	17,660	8,500	330	8,830	-	-	-

Schedule 1
Medicine, Law, and Great Valley School of Graduate Professional Studies
Projected 2017-18 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit			
	2017-18		2016-17	2017-18		2016-17	2017-18		2016-17	2017-18
	Increase	Tuition		Increase	Tuition		Increase	Tuition		
<u>Pennsylvania Residents</u>										
College of Medicine at Hershey:										
Medical Graduate	49,800	0	49,800	24,900	0	24,900	-	-	-	-
Master of Physician Assistant Program	21,294	820	22,114	10,647	410	11,057	887	34	921	921
	-	-	-	12,192	0	12,192	-	-	-	-
Great Valley Graduate Center:										
MBA	22,776	876	23,652	11,388	438	11,826	949	37	986	986
All Other Programs	22,776	876	23,652	11,388	438	11,826	949	37	986	986
Dickinson Law	46,176	1,824	48,000	23,088	912	24,000	1,924	76	2,000	2,000
Penn State Law	46,176	1,824	48,000	23,088	912	24,000	1,924	76	2,000	2,000
Graduate Assistantships, Fellowships	17,000	660	17,660	8,500	330	8,830	-	-	-	-
<u>Non-Pennsylvania Residents</u>										
College of Medicine at Hershey:										
Medical Graduate	49,800	0	49,800	24,900	0	24,900	-	-	-	-
Master of Physician Assistant Program	35,650	1,372	37,022	17,825	686	18,511	1,485	58	1,543	1,543
	-	-	-	12,192	0	12,192	-	-	-	-
Great Valley Graduate Center:										
MBA	37,140	1,430	38,570	18,570	715	19,285	1,548	59	1,607	1,607
All Other Programs	37,140	1,430	38,570	18,570	715	19,285	1,548	59	1,607	1,607
Dickinson Law	46,176	1,824	48,000	23,088	912	24,000	1,924	76	2,000	2,000
Penn State Law	46,176	1,824	48,000	23,088	912	24,000	1,924	76	2,000	2,000
Graduate Assistantships, Fellowships	17,000	660	17,660	8,500	330	8,830	-	-	-	-

Schedule 1

Altoona, Berks, Erie and Harrisburg
Projected 2017-18 Tuition Rates

	Per Academic Year		Full-Time Per Semester		Part-Time Per Credit	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
	Increase	Tuition	Increase	Tuition	Increase	Tuition
<u>Pennsylvania Residents</u>						
<i>Undergraduate:</i>						
Lower Division including Associate:						
Freshmen & Sophomore	13,868	14,214	6,934	7,107	578	592
Upper Division: (a)						
Junior & Senior:						
Business, Science, IST, EMS, & Engineering (c)	16,870	17,290	8,435	8,645	703	720
All Other Programs	15,094	15,470	7,547	7,735	629	645
<i>Graduate:</i>						
MBA	-	-	-	-	842	874
Business, Science, IST, EMS, & Engineering (c)	21,132	21,946	10,566	10,973	881	914
All Other Programs	19,812	20,574	9,906	10,287	826	857
Graduate Assistantships, Fellowships	17,000	17,660	8,500	8,830	-	-
<u>Non-Pennsylvania Residents</u>						
<i>Undergraduate:</i>						
Lower Division including Associate:						
Freshmen & Sophomore	21,874	22,716	10,937	11,358	911	947
Upper Division: (a)						
Junior & Senior:						
Business, Science, IST, EMS, & Engineering (c)	25,118	26,086	12,559	13,043	1,047	1,087
All Other Programs	23,272	24,168	11,636	12,084	970	1,007
<i>Graduate:</i>						
MBA	-	-	-	-	1,315	1,366
Business, Science, IST, EMS, & Engineering (c)	27,416	28,472	13,708	14,236	1,142	1,186
All Other Programs	26,104	27,110	13,052	13,555	1,088	1,130
Graduate Assistantships, Fellowships	17,000	17,660	8,500	8,830	-	-

Schedule 1
Abington

Projected 2017-18 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2016-17	Increase	2017-18 Tuition	2016-17	Increase	2017-18 Tuition	2016-17	Increase	2017-18 Tuition
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate: Freshmen & Sophomore	13,212	328	13,540	6,606	164	6,770	543	14	557
Upper Division: (a) Junior & Senior: Business, Science, IST, EMS, & Engineering (d) All Other Programs	16,054 14,298	400 356	16,454 14,654	8,027 7,149	200 178	8,227 7,327	628 588	16 15	644 603
<i>Graduate:</i> Business, Science, IST, EMS, & Engineering (d) All Other Programs	21,132 19,812	814 762	21,946 20,574	10,566 9,906	407 381	10,973 10,287	881 826	34 31	914 857
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate: Freshmen & Sophomore	20,782	800	21,582	10,391	400	10,791	866	33	899
Upper Division: (a) Junior & Senior: Business, Science, IST, EMS, & Engineering (d) All Other Programs	23,826 22,000	918 848	24,744 22,848	11,913 11,000	459 424	12,372 11,424	993 917	38 35	1,031 952
<i>Graduate:</i> Business, Science, IST, EMS, & Engineering (d) All Other Programs	26,888 25,578	1,036 984	27,924 26,562	13,444 12,789	518 492	13,962 13,281	1,120 1,066	44 41	1,164 1,107

Schedule 1

Brandywine, Hazleton, Lehigh Valley, Schuylkill, Worthington Scranton, York, and World Campus *
Projected 2017-18 Tuition Rates

	Per Academic Year		Full-Time Per Semester		Part-Time Per Credit	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
	Increase	Tuition	Increase	Tuition	Increase	Tuition
<u>Pennsylvania Residents</u>						
<i>Undergraduate:</i>						
Lower Division including Associate:						
Freshmen & Sophomore	13,174	13,484	6,587	6,742	542	555
Upper Division: (a)						
Junior & Senior:	14,258	14,594	7,129	7,297	584	596
<i>Graduate:</i>						
Business, Science, IST, EMS, & Engineering (d)	20,828	21,630	10,414	10,815	868	901
All Other Programs	19,712	20,470	9,856	10,235	821	853
<u>Non-Pennsylvania Residents</u>						
<i>Undergraduate:</i>						
Lower Division including Associate:						
Freshmen & Sophomore	20,608	21,402	10,304	10,701	859	892
Upper Division: (a)						
Junior & Senior	21,574	22,404	10,787	11,202	899	934
<i>Graduate:</i>						
Business, Science, IST, EMS, & Engineering (d)	26,562	27,584	13,281	13,792	1,107	1,149
All Other Programs	25,364	26,340	12,682	13,170	1,057	1,098

* World Campus - applicable rates are PA Resident, Lower Division, Upper Division and Graduate All Other Programs (other program-based rates may apply).

Schedule 1

Beaver, DuBois, Fayette, Greater Allegheny, Mont Alto, New Kensington, and Wilkes-Barre
Projected 2017-18 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2016-17	Increase	2017-18 Tuition	2016-17	Increase	2017-18 Tuition	2016-17	Increase	2017-18 Tuition
<u>Pennsylvania Residents</u>									
<u>Undergraduate:</u>									
Lower Division including Associate:									
Freshmen & Sophomore	12,718	0	12,718	6,359	0	6,359	524	0	524
Upper Division: (a)									
Junior & Senior:									
Business, Science, IST, EMS, & Engineering (d)	14,396	0	14,396	7,198	0	7,198	579	0	579
All Other Programs	13,768	0	13,768	6,884	0	6,884	567	0	567
<u>Graduate:</u>									
Business, Science, IST, EMS, & Engineering (d)	19,882	766	20,648	9,941	383	10,324	828	32	860
All Other Programs	18,816	724	19,540	9,408	362	9,770	784	30	814
<u>Non-Pennsylvania Residents</u>									
<u>Undergraduate:</u>									
Lower Division including Associate:									
Freshmen & Sophomore	19,598	754	20,352	9,799	377	10,176	817	31	848
Upper Division: (a)									
Junior & Senior	20,750	798	21,548	10,375	399	10,774	865	33	898
<u>Graduate:</u>									
Business, Science, IST, EMS, & Engineering (d)	25,260	972	26,232	12,630	486	13,116	1,053	40	1,093
All Other Programs	24,122	928	25,050	12,061	464	12,525	1,005	39	1,044

Schedule 1
Shenango
Projected 2017-18 Tuition Rates

	Per Academic Year			Full-Time Per Semester			Part-Time Per Credit		
	2016-17		2017-18	2016-17		2017-18	2016-17		2017-18
	Increase	Tuition	Tuition	Increase	Tuition	Tuition	Increase	Tuition	
<u>Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
	12,474	0	12,474	6,237	0	6,237	504	0	504
Freshmen & Sophomore									
Upper Division: (a)									
Junior & Senior:									
	14,396	0	14,396	7,198	0	7,198	579	0	579
Business, Science, IST, EMS, & Engineering (d)									
All Other Programs	13,502	0	13,502	6,751	0	6,751	542	0	542
<i>Graduate:</i>									
	18,672	718	19,390	9,336	359	9,695	778	30	808
Business, Science, IST, EMS, & Engineering (d)									
All Other Programs	17,670	680	18,350	8,835	340	9,175	736	28	765
<u>Non-Pennsylvania Residents</u>									
<i>Undergraduate:</i>									
Lower Division including Associate:									
	19,220	740	19,960	9,610	370	9,980	801	31	832
Freshmen & Sophomore									
Upper Division: (a)									
Junior & Senior:									
	21,366	0	21,366	10,683	0	10,683	890	0	890
Business, Science, IST, EMS, & Engineering (d)									
All Other Programs	20,350	784	21,134	10,175	392	10,567	848	33	881
<i>Graduate:</i>									
	24,776	954	25,730	12,388	477	12,865	1,032	40	1,072
Business, Science, IST, EMS, & Engineering (d)									
All Other Programs	23,658	910	24,568	11,829	455	12,284	986	38	1,024

Footnotes for 2017-18 Tuition Rate Schedules

- (a) The upper division rate will apply to undergraduate students with a minimum of 59.1 credits, regardless of how earned.
- (b) Includes upper division and graduate programs at University Park in the Smeal College of Business (excluding MBA), the College of Engineering, the College of Earth and Mineral Sciences, the Eberly College of Science, and the College of Information Sciences and Technology. Also includes the intercollege programs of Acoustics, Bioengineering, Ecology, Genetics, Integrative Biosciences, Materials, Neuroscience, Operations Research, Physiology, and Plant Biology.
- (c) Includes upper division and graduate programs in the following Erie and Harrisburg departments/schools: School of Science (Erie), School of Business (Erie), School of Engineering and Engineering Technology (Erie), Science/Engineering (Harrisburg), and Business Administration (Harrisburg). Also includes upper division programs in the Altoona and Berks departments of Business and Science. Also includes upper division and graduate programs at Altoona, Berks, Erie, and Harrisburg in the Smeal College of Business, the College of Engineering, the College of Earth and Mineral Sciences, the Eberly College of Science, and the School of Information Sciences and Technology.
- (d) Includes upper division and graduate programs in the following: Abington, Beaver, Brandywine, DuBois, Fayette, Greater Allegheny, Hazleton, Lehigh Valley, Mont Alto, New Kensington, Schuylkill, Shenango, Wilkes-Barre, Worthington Scranton, and York departments of Business and Science. Also includes upper division and graduate programs at Abington, Beaver, Brandywine, DuBois, Fayette, Greater Allegheny, Hazleton, Lehigh Valley, Mont Alto, New Kensington, Schuylkill, Shenango, Wilkes-Barre, Worthington Scranton, and York in the Smeal College of Business, the College of Engineering, the College of Earth and Mineral Sciences, the Eberly College of Science, and the School of Information Sciences and Technology.

NOTE: Specific tuition rates for each student by campus, level and program can be accessed at the following web site: <http://tuition.psu.edu>.

Schedule 2
2017-18 Information Technology Fee
Per Semester

Fall and Spring 2017-18

	9 or More Credits	5 to Less Than 9 Credits	Less Than 5 Credits
Abington	\$252.00	\$189.00	\$86.00
Altoona	252.00	189.00	86.00
Beaver	252.00	189.00	86.00
Berks	252.00	189.00	86.00
Brandywine	252.00	189.00	86.00
DuBois	252.00	189.00	86.00
Erie	252.00	189.00	86.00
Fayette	252.00	189.00	86.00
Great Valley	252.00	189.00	86.00
Greater Allegheny	252.00	189.00	86.00
Harrisburg	252.00	189.00	86.00
Hazleton	252.00	189.00	86.00
Lehigh Valley	252.00	189.00	86.00
Mont Alto	252.00	189.00	86.00
New Kensington	252.00	189.00	86.00
Schuylkill	252.00	189.00	86.00
Shenango	252.00	189.00	86.00
University Park	252.00	189.00	86.00
Wilkes-Barre	252.00	189.00	86.00
Worthington Scranton	252.00	189.00	86.00
York	252.00	189.00	86.00
World Campus	252.00	189.00	86.00
Dickinson Law	252.00	189.00	86.00
Penn State Law	252.00	189.00	86.00
Hershey (non-medical)	252.00	189.00	86.00
Hershey (medical)	331.00	Charge per Semester	

Schedule 3
2017-18 Student Initiated Fee
Per Semester

Fall and Spring 2017-18

	9 or More Credits	5 to Less Than 9 Credits	Less Than 5 Credits
Abington	\$236.00	\$177.00	\$73.00
Altoona	236.00	177.00	73.00
Beaver	236.00	177.00	73.00
Berks	236.00	177.00	73.00
Brandywine	236.00	177.00	73.00
DuBois	205.00	154.00	64.00
Erie	236.00	177.00	73.00
Fayette	205.00	154.00	64.00
Great Valley	128.00	96.00	40.00
Greater Allegheny	236.00	177.00	73.00
Harrisburg	236.00	177.00	73.00
Hazleton	236.00	177.00	73.00
Lehigh Valley	236.00	177.00	73.00
Mont Alto	236.00	177.00	73.00
New Kensington	236.00	177.00	73.00
Schuylkill	205.00	154.00	64.00
Shenango	173.00	130.00	54.00
University Park	258.00	194.00	80.00
Wilkes-Barre	173.00	130.00	54.00
Worthington Scranton	236.00	177.00	73.00
York	236.00	177.00	73.00
Dickinson School of Law	91.00	68.00	28.00
Penn State Law	258.00	194.00	80.00
Hershey (non-medical)	36.00	27.00	11.00
Hershey (medical)	72.00	Charge per Academic Year	